Supreme Court, U.S.
FILED
JUL 20 1967
JOHN F. DAVIS, CLERK

IN THE

Supreme Court of the United States

OCTOBER TERM, 1967.

No. 395

MOTOROLA, INC.,

Petitioner,

vs.

ESTHER MARION ARMSTRONG, EXECUTRIX,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT.

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Motorola, Inc., prays that a writ of certiorari issue to review the judgment of the United States Court of Appeals for the Seventh Circuit entered in the above case on February 6, 1967, as such judgment pertains to the enforceability of U. S. patents No. 1,941,069, and Reissue No. 21,660, two of the three patents in suit.

OPINIONS BELOW.

The opinion of the Court of Appeals and judgment are printed in Appendix A herewith, and reported in 374 F. 2d 764.[1] The Findings of Fact (42 pages), Conclusions of Law and Memorandum are reported in 230 F. Supp. 337, and the latter two portions are printed in Appendix B herewith.

JURISDICTION.

The judgment of the Court of Appeals was entered February 6, 1967. A timely filed petition for rehearing was denied on March 22, 1967. On June 12, 1967, Mr. Justice Clark granted an extension of time to July 20, 1967 within which to file this petition. Jurisdiction of this Court is invoked under 28 U. S. C., Section 1254(1).

QUESTIONS PRESENTED.

1. Whether a patent monopoly granted to cover a two-element combination may be used to control each unpatented separate element of that combination by separately licensing, and collecting royalties on, the manufacture, use, and sale of each element.

2. Whether, under the provisions of the patent law relating to the reissuance of defective patents (now 35 U. S. C. § 251), a patent claiming a combination of two elements can validly be reissued to include for the first time claims to one element only of that combination.

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1. The printed record prepared for the Court of Appeals as the Appendix to Defendant-Appellant's brief contains the pleadings and judgment, the printed transcript of testimony and certain documentary exhibits, comprises Volumes I to VI which are paged consecutively and will be cited here by page number as (A. ....), and a single printed volume as the Appendix to Plaintiff-Appellee's brief. A certified copy of such record is filed in this Court with the present Petition.

3. Whether the use of one unpatented element of a patented two-element combination and the unpatentable result of the other element, but not the other element itself, constitutes an infringing "use" of that combination within the meaning of 35 U. S. C. § 271(a).

STATUTES INVOLVED.

The pertinent statutes are 35 U. S. C. §§ 112, 251 and their respective predecessor statutes § 33, and § 64, and 35 U. S. C. § 271(a), which are each printed in Appendix C.

STATEMENT OF THE CASE.

Edwin H. Armstrong, the original plaintiff here, was the holder of numerous patents dealing with frequency modulation in radio, or as it is familiarly called, FM.[2] These patents pertained to FM transmitters, FM receivers, and FM systems comprised of combinations of two elements, the transmitter and the receiver.

The petitioner here, Motorola, Inc., is a manufacturer of electronic products including FM radio and television receiving sets. (Television sound is FM radio.) *Motorola does not manufacture or sell FM radio broadcast or television transmitters, and it does not engage in FM radio or TV broadcasting.*

Motorola was licensed under the first-filed Armstrong patent on FM receivers, No. 1,941,447.[3] However, it refused

2. Armstrong was not the inventor of FM, and of his FM patents, his first one, No. 1,941,447 was filed in the Patent Office in May 1927, and issued by Armstrong on December 26, 1933, the same day as two of three patents in suit here.

3. The following four patents issued to Armstrong all on December 26, 1933 to the claimed subjects indicated:

Patent No.	*Filed*	*Claimed Subject Matter*
1,941,447	May 18, 1927	FM receivers
1,941,066	July 30, 1930	Detector for FM receivers
1,941,068	Jan. 24, 1933	FM transmitter
1,941,069	Jan. 24, 1933	Combination of FM transmitter and FM receiver

to take licenses under the other Armstrong patents, including those which are the subject of the present suit, believing it was neither a direct nor a contributory infringer.

Armstrong[4] brought this action against Motorola on January 6, 1954 for infringement of five FM patents. The complaint was dismissed with prejudice as to two of the five, which each claimed a transmitter. The remaining three were found valid and infringed. Of these, No. 1,941,066 relates to a detector for a receiver, and certiorari is not sought with respect to the decisions below pertaining to this patent.

This petition, therefore, relates only to the decision of the court below with respect to two patents, No. 1,941,069, which we will hereinafter refer to as patent '069, and Reissue No. 21,660, which we will refer to as reissue '660.

THE INFRINGEMENT RULING.

Specifically, Motorola was found to have infringed claims 1 and 2 of each of the above two patents, and also claims 4 and 6 of the reissue '660 patent. Claims 1 and 2 in both patents are combination claims on systems comprising a transmitter as one element and a receiver as the other element. The invention here, as in all combination patent claims, lies in forming the combination from elements that are unpatented, insofar as the combination claims themselves are concerned. The said claims 4 and 6, obtained in the reissued patent cover the receiver element only. A more detailed analysis of the specific claims is made in Appendix D of this petition.

Armstrong claimed, and the courts below held, that Motorola directly infringed all four combination claims

4. Armstrong died February 1, 1954, and his widow, as Executrix under his will, was substituted by orders entered in the District Court in March and in April 1955.

when it tested its FM receivers by tuning them to an Armstrong-licensed transmitter. Motorola contended that this testing did not practice the invention because Motorola used only one element of the combination, the receiver, and not the other, the transmitter. The Court of Appeals disagreed on the theory that, when Motorola thus used the licensed FM radio waves produced by a commercial broadcaster by tuning a receiver to a licensed transmitter this was the same as if Motorola itself was operating the transmitter. (App. A, p. 13a, *infra.*)

The Court of Appeals stated that the Motorola FM receivers were especially adapted for use in the Armstrong system, and having held Motorola to be a direct infringer by testing its receivers by tuning them to FM signals and listening to the signals, Motorola "became a contributory infringer by selling its receivers to unlicensed listeners of FM broadcasts". (App. A, p. 14a, *infra.*)

Because this ruling that Motorola was a contributory infringer is necessarily in error if the Court of Appeals erred in holding that Motorola and users of its receivers were direct infringers, it requires no separate discussion. We, therefore, lay the contributory infringement question to one side insofar as this petition for certiorari is concerned, contending that because there was no direct infringement, there could be no contributory infringement, under the principles stated in *Aro Mfg. Co.* v. *Convertible Top Replacement Co.* (ARO I), 365 U. S. 336, 341.

THE LICENSING SCHEME.

Armstrong exploited his FM patents, including the two which are pertinent here, by basically three forms of licenses. One sanctioned their use in two-way communication systems. Petitioner does not challenge these licenses. Another form was issued to FM transmitting stations, and

the third was issued to manufacturers of FM receivers, such as Motorola. No licenses were issued to members of the general public who purchased and operated FM receivers, whether radio or television receivers.

Armstrong licenses to FM transmitting stations, during the period of the alleged infringement by Motorola, restricted the grant to use the inventions as follows (A3503):

> "No license is granted for reception other than that involved in monitoring the operations of a broadcast transmitter."

During the same period, Armstrong's FM receiver manufacturing licenses granted licensees only the right to make and sell receivers for "broadcast reception." (A3528.)

Hence, the terms of both the transmitter licenses and the receiver-manufacturer licenses expressly withheld from licensees any right to use the inventions of the combination claims in issue here in normal commercial FM transmission and receiving operations.[5] The broadcaster was licensed only under the transmitter element of the combination claims and the manufacturer of receivers was licensed only under the receiver element of those claims, neither element being within the patent monopoly.

By this licensing scheme, Armstrong effectively converted each of his combination claims into two new claims, one on each of the unpatented elements. This do-it-yourself enlargement of his patent monopoly to cover each element of the combination claims enabled him to impose double royalties under each such claim, first upon his broadcast-transmitter licensees, and again upon his receiver-manufacturer licensees.

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5. The transmitter and the receiver-manufacturer licenses permitted licensees to use these combinations only in their own internal operations. Transmitter licensees were licensed to monitor their own broadcasts, and the receiver-manufacturer licensees were authorized to transmit to themselves for testing and design purposes.

Motorola claimed in the courts below that Armstrong's licensing systems which licensed only an element of the combination claims but never the entire combination comprising his invention, was a scheme to multiply sources for royalties by private contract which was a patent misuse extending the patent monopoly beyond its grant and rendering the patents unenforceable. The Court of Appeals disagreed. (App. A, pp. 16a, 17a, *infra*.)

THE REISSUE PATENT.

Motorola contended that reissue patent '660 was invalid because its one-element claims 4 and 6 on receivers were not for the "same invention" as the two-element combinations of transmitters and receivers which comprised all of the claims of the original patent 2,215,284. (A2959-77.) When Armstrong reissued that patent for the one here in suit (A3401-10) he included new claims 4 and 6 which *omitted* the transmitter structure in one of such claims and the steps of generating and transmitting a radio wave in the other of such claims. These new claims thus covered *only the receiver element* whereas the original patent covered only combinations of receivers and transmitters.

For ease of reference, claims 1 and 2 of the reissue patent have been broken down, in Appendix D, into the preamble and the two combination elements, the latter noted as portions (a) and (b). The one-element receiver claims 4 and 6 are compared with the two-element combination claims 2 and 1, respectively. (App. D, pp. 28a-30a, *infra*.)

The comparison shows, in claims 1 and 6 for instance, that claim 1 is directed to the "method of transmitting and reproducing," while claim 6 is to the "method of reproducing" only. The steps for generating and transmitting the wave are italicized in claim 1 portion (a). In the preamble of claim 6, no such steps are claimed, but only the

wave resulting from them. The claimed subject matter or steps in claim 6 are also italicized, but these only describe reproducing or receiving operations.[6] Obviously, therefore, the practice of element (a) in each of the combination claims 1 and 2 would take place at a broadcasting station, and that of element (b) would take place at the receiver in tuning to and reproducing a radio wave or signal from a broadcasting station, just as in one's home.

REASONS FOR GRANTING THE WRIT.

For many years this Court has zealously guarded the public from the heavy economic burden of royalties imposed by improvidently granted patents, including reissues, and illegal extensions of patent rights by misuse of the patent grant. But the ingenuity of those who seek to enrich themselves to the detriment of the public economy continues to bear fruit, and new schemes are constantly being devised to evade the well-settled principle that a patent monopoly is limited to the scope of its grant.

In deciding the instant case, the courts below have given approval to an ingenious scheme which enables a patentee of a combination of unpatented elements, in effect, to transform his patent into separate patents on each of the elements of the combination and thus to extort a separate royalty on each element.

It is this multiple royalty scheme, treating unpatented separate elements as if they were themselves patented, now sanctioned by the courts below, which gives rise to each of the foregoing questions posed by this petition and which makes the grant of certiorari most appropriate.

In each of the two patents to which this petition is ad-

6. Claim 4 is similarly treated in Appendix D. The two claims of the broadcasting system patent '069 are similarly broken down in Appendix D, p. 28a, *infra*.

dressed, Armstrong obtained from the Patent Office exclusive rights to a two-element combination, a transmitter and a receiver of FM signals. He then proceeded to convert each of these monopolies into two new monopolies—a transmitter monopoly and a receiver monopoly.

This conversion, condoned below, involved the following manipulative steps:

1. Granting licenses restricting the licensee to one of the unpatented elements of the claimed combination and expressly withholding any rights under the other element.

2. Adding to one of the two patents here involved, by illegal reissue procedure, claims addressed to the receiver element only.

3. Asserting the combination claims of both patents against the manufacture of the receiver element only, and securing from the courts below a monopoly of this element of the combination.

Each of these steps has been approved by the Seventh Circuit Court of Appeals in direct contravention of long established principles enunciated by this Court.

1. The Seventh Circuit's Approval of a Monopoly in Unpatented Elements of a Patented Combination Claim Is a Direct Conflict With the Decisions of This Court.

The court below approved the Armstrong licensing scheme, whereby Armstrong granted licenses under the two combination patents but restricted their use so that (a) the broadcaster licensee had rights only under the unpatented transmitter element of the combination claims, and (b) the receiver manufacturer licensee had rights only under the unpatented receiver element of the combination claims. No rights were granted for normal commercial use of the combination claims of the patented complete broadcasting system. Armstrong thus received royalties

from the operation of the transmitters alone, and again from the sale of the receivers alone.

The Seventh Circuit's approval of that scheme is in *direct conflict* with the principles enunciated in the two *Mercoid* cases, *Mercoid* v. *Mid-Continent Investment*, 320 U. S. 661, and *Mercoid* v. *Minneapolis-Honeywell*, 320 U. S. 680, and related cases.[7]

In *Mercoid Corp.* v. *Mid-Continent, supra*, the patent was one of combination claims covering a domestic heating system, of which an element was an unpatented switch. Neither the patent owner Mid-Continent, nor Minneapolis-Honeywell, its licensee, manufactured or installed the system, but they used the license agreements to prevent the sale of the switches in the heating systems unless made by and purchased from a licensee. Royalty payments under the licenses were based upon the sale of the switches. Mercoid manufactured and sold switches to go into the patented heating system, and was sued for contributory patent infringement. This Court at page 665 referred to its earlier decisions and stated, "In those cases both direct and contributory infringement suits were disallowed on a showing that the owner of the patent was using it 'as the effective means of restraining competition with its sale of an unpatented article.' . . . It is true that those cases involved the use of the patent for a machine or process to secure a partial monopoly in supplies consumed in its operation or unpatented materials employed in it. But we can see no difference in principle where the unpatented material or device is itself an integral part of the structure embodying the patent."

Here, Armstrong sued for direct instead of contributory

7. If the court below was relying on *General Talking Pictures* v. *Western Electric*, 304 U. S. 175, 305 U. S. 124, the reliance was misplaced. This Court said (304 U. S. at 181), "There is here no attempt on the part of the patent owner to extend the scope of the monopoly beyond that contemplated by the patent statute."

infringement, but the form of suit can make no difference in the application of the principle that patents shall not be misused to restrain competition in the sale of unpatented articles. When Armstrong licensed his two system patents, he restricted the rights granted to each of the two "suppliers," so to speak, of the two products necessary to provide the entire system so that both "suppliers" had to take a license for each unpatented part or element of the system, or suffer the possibility of a patent infringement suit based on the system patents. The licensing practice struck down in the *Mercoid* Cases, *supra*, is the basis of the licensing situation which has now been approved by the court below. But, Armstrong enlarged on the scheme of the *Mercoid* Cases, *supra*. He expanded the scheme from one to two elements of the system and thus collected double royalties for a single invention while suppressing competition in the manufacture, use, and sale of FM transmitters and receivers which were each unpatented.

As this Court said in *Mercoid*, sanctioning the expansion of a system patent monopoly to control the manufacture and sale of an unpatented element of the system would permit private business to function (320 U. S. at p. 667) "as its own patent office and impose its own law upon its licensees. It would obtain by contract what letters patent alone may grant. * * * (and) We now add that it makes no difference that the unpatented device is part of the patented whole."

And this Court held at page 684 of 320 U. S., that "a patent on a combination is a patent on the assembled or functioning whole, not on the separate parts. * * * (and) * * * respondent may not obtain from a court of equity any decree which directly or indirectly helps it to subvert the public policy which underlies the grant of its patent."

The Seventh Circuit's failure either to acknowledge the existence of the *Mercoid* decisions or to apply the *Mercoid*

principles here, wholly justifies the invocation of this Court's review powers.

Moreover, these principles in *Mercoid* have been reiterated in *Aro Manufacturing Co.* v. *Convertible Top Replacement Co.*, 365 U. S. 336 (ARO I). Although respondent contended below that ARO I concerned repair and replacement and had no bearing on the present case, and the Court of Appeals failed to even acknowledge the existence of the decision, this Court made it very clear in ARO I that fundamental principles of patent law were involved which, we submit, emphasize the deep conflict between decisions of this Court and that of the Court of Appeals in the present case.

This Court stated in ARO I at page 338, "The principal, and we think the determinative, question presented here is whether the owner of a combination patent, comprised entirely of unpatented elements, has a patent monopoly on the manufacture, sale or use of the several unpatented components of the patented combination." (This same question is fundamental to the present case.) After this Court referred to the fact that the patentees in ARO never claimed the element of the fabric,[8] this Court held (p. 339) that "the claims made in the patent are the sole measure of the grant," and pointed to *Mercoid* v. *Mid-Continent*, *supra*. There, this Court had ruled (p. 667 of 320 U. S.), "The patent is for a combination only. Since none of the separate elements of the combination is claimed as the

8. It is significant that Armstrong described and claimed the patented invention wholly as a complete broadcasting system in the broadcasting '069 patent, and pointed out in the specification (A3387-8) that the *transmitter* was similar in principle and operation to that in his patent 1,941,068 (A3391) except that a wider swing in the signal was employed in the patent here, and that the *receiver* operated with the same general method regarding the signal as did the receiver in his prior patent 1,941,447 (A3173), except that there was a difference in the selective system. As we have pointed out herein, Motorola's receivers here in suit were all licensed under this '447 patent.

invention, none of them when dealt with separately is protected by the patent monopoly." Or, as Mr. Justice Black put it in his concurring opinion in ARO I (365 U. S. at 358), "It has long been settled with respect to combination patents that the monopoly rights extend only to the patented combination as a whole and that the public is free to appropriate any unpatented part of it 'however important.'"

If Armstrong had licensed FM broadcasters to use the four combination claims for normal commercial use (without the restriction against receiving), the FM listening public, including Motorola, would have been implicitly licensed to receive these broadcasts, and Armstrong could not have collected additional royalties from receiver manufacturers on the theory that they were either direct or contributory infringers. The Court of Appeals recognized this when it discussed Motorola's testing of receivers by listening to licensed broadcasts. The Court said (App. A, p. 13a *infra*):

> "But if the listening is unauthorized, then the use of the Motorola receivers infringes the combination patent. *Here Armstrong's transmitter licenses granted no license for reception (except for monitoring by the licensee).* Therefore it follows . . . that Motorola's testing of its receiver by unlicensed listening to the FM broadcasts constituted direct infringement." (Emphasis supplied.)

The Court of Appeals thus held, in effect, that the skill of legal counsel in manipulating concepts of the licensing of patent rights overcame the public policy of confining patent monopolies to the scope of their claims. Such a holding is as much in conflict with the principles laid down by this Court as was the lower court's opinion in *United States* v. *Masonite*, 316 U. S. 265, which, in effect, held that the skill of legal counsel in manipulating the concepts of "sale" and "agency" had overcome the significance of the

business practices in terms of restraint of trade (Cf. this Court's statement at p. 280 of 316 U. S.)

As this Court said in the *Mercoid* cases (p. 666 of 320 U. S.) in a statement applicable here:

> "The necessities or convenience of the patentee do not justify any use of the monopoly of the patent to create another monopoly. * * * The method by which the monopoly is sought to be extended is immaterial. * * * The instant case is a graphic illustration of the evils of an expansion of the patent monopoly by private engagements. * * * The struggle is not over a combination patent and the right to make or vend it. The contest is solely over unpatented wares which go into the patented product."

The decision of the Court of Appeals has created an unfortunate conflict with the decisions of this Court, and has opened the floodgate, such that we may reasonably expect that many owners of multi-element combination patents, unable to prove actual damages but permitted under the patent law (35 U. S. C. § 284) to seek an award "in no event less than a reasonable royalty" for the alleged use, manufacture or sale, will attempt to copy Armstrong's licensing scheme and enlarge their profits by asserting such patents against each supplier of a separate element of the claimed combination. Unless and until the legality of the Armstrong scheme is resolved by this Court, we may expect increased patent litigation on this issue. Suppliers in many fields of commercial activity, unwilling to accept this newly approved scheme for multiplying royalties by license grants outside the scope of a combination patent monopoly until this Court has spoken on the issue, will prefer to accept the harassment of litigation to submitting to unjust and illegal taxation to gain freedom from suit.

2. The Decision Below Is in Conflict With the U. S. Industrial Chemicals Decision of This Court as to Permissible Reissue Claims Under 35 U. S. C. § 251.

Over the years the reissue patent statute has been regarded by this Court as a very special privilege which must not be abused by the owner of a patent, and wherein all statutory requirements must be satisfied in order that the reissued patent be valid, including the requirement that it be reissued for the "same invention" as that in the original. The determination of the Court of Appeals concerning Armstrong's reissue patent wherein the new claims 4 and 6 covering the receiver element alone compared to the original two-element claims are held to satisfy the statutory requirement of "same invention" involves a misconstruction and misapplication of 35 USC § 251. This creates a significant statutory question worthy of this Court's review.

This very special privilege to the patentee permits him to modify his patent contract to correct bona fide mistakes which caused his patent rights to fall short of what he believed he was entitled to, but ever since the first statute[9] was enacted in 1836 this Court has been alert to prevent that privilege from being abused to the detriment of the public, and has granted certiorari from time to time to correct abuses, lastly in 1942 because "of an apparent conflict with decisions of this Court and several Circuit Courts of Appeals," with respect to the statutory requirement that the reissue patent must "be for the *same invention* as the original patent." (Emphasis added.) *U. S. In-*

9. The first statutory right to reissue was embodied in the 3d Section of the Act of July 3, 1832—Chap. 4 Stat. at L. 559. This and subsequent statutes to 1887 are discussed in *Parker & Whipple Co.* v. *Yale Lock Co.*, 123 U. S. 87, at pages 96, 97. Reissue statute 35 U. S. C. 64, R. S. 4916, effective May 24, 1928, continued to the time of the present statute 35 U. S. C. 251, effective January 1, 1953.

dustrial Chemicals v. *Carbide & Carbon Corp.*, 315 U. S. 668, 669. This decision is important because this Court was interpreting the precise statute (§ 64) under which Armstrong reissued his patent in 1940, and the determination of the court below is at war with the principles of this *U. S. Industrial Chemicals* decision which the Court of Appeals failed to mention, let alone distinguish from the holding in the present case.

In *U. S. Industrial Chemicals* in discussing the statutory requirement of "same invention" this Court at pages 675-676 stated:

> "The question is whether, in the light of the disclosures contained in the two patents, they are for the same invention. This court has said that they are if the re-issue fully *describes* and *claims* the very *invention* intended to be secured by the original patent; if the reissue describes and claims only those things which were embraced in the *invention* intended to have been secured by the original patent; if the broader *claims* in the reissue are not merely suggested or indicated in the original specification but constitute parts or portions of the *invention* which were intended or sought to be *covered or secured* by the original patent. * * * And it is not enough that an *invention* might have been claimed in the original patent because it was suggested or indicated in the specification. It must appear from the face of the instrument that what is covered by the reissue was intended to have been *covered and secured* by the original." (Emphasis added.)

Armstrong *"covered and secured"* by the original claims only the *transmitter and receiver combination,* as the Court of Appeals itself acknowledged (App. A, p. 10a, *infra*). Each element and each step in such claims 1 and 2 is essential, for as this Court held in ARO I at page 344 of 365 U. S., "For if anything is settled in the patent law, it is that the combination covers only the totality of the

elements in the claim and that no element, separately viewed, is within the grant."

The error of the Court of Appeals in approving Armstrong's licensing of an unpatented element and collection of royalties from that licensing, as we have discussed herein, is directly related to the error here in holding the receiver claims in the reissue patent to be the "same invention" as the original patented transmitter-receiver combinations in claims 1 and 2. The error here was extending the two-element monopoly in the original patent 2,215,284, to include a new one-element monopoly on the receiver alone. Obviously, the new one-element claims (4 and 6) were not directed to the "same invention" as the original two-element combination claims.

Armstrong *omitted* in the new reissue claims 4 and 6 all of the transmitter steps of portion (a) in claim 1 (App. D, pp. 28a-30a, *infra*), and all of the transmitter structure defined in terms of "means" in portion (a) of claim 2. As this Court stated in *U. S. Industrial Chemicals* at page 677, "We think it plain that the reissue omitted a step in the process which was described and claimed as essential in the original patent."; and at page 678 held, "This court has uniformly held that the omission from a reissue patent of one of the steps or elements prescribed in the original, thus broadening the *claims* to cover a new and different combination, renders the reissue void, even though the result attained is the same as that brought about by following the process *claimed* in the original patent." (Emphasis added.) But here, the result from the one-element claimed subject matter is not the same, for the complete broadcasting system of claims 1 and 2, cannot be attained by just a receiver, or just by reception.

The Court of Appeals (App. A, pp. 10a, 11a, *infra*) ignored, or failed to understand that the transmitter element of portion (a) of claims 1 and 2 was *omitted* in the

new reissue claims 4 and 6, and that omitting the transmitter *element* of the original claims makes the reissue patent broader than the original patent. The statute permits broadening as well as a limiting reissue, but in either scope, the reissue patent must be to the "same invention," or that patent is invalid.

The decision below, thus raises a significant statutory question as to whether breaking the two-element monopoly of the original Armstrong patent into two-element and one-element monopolies in the reissue is maintaining a patent grant to the "same invention" within the meaning of the reissue patent statute, 35 U. S. C. § 251.

The impropriety of the Seventh Circuit's application of § 251 is readily apparent by considering that a *receiver alone* cannot function as both *transmitter and receiver* in the combination of original patent claims 1 and 2, nor can there be a radio wave to be broadcasted in a *transmission system* without a transmitter. The latter is omitted in claims 4 and 6, and certainly that is the essential element in the practice of the claimed system.. This omission from claims 4 and 6, broadens them, as this Court said in *U. S. Industrial Chemicals* at page 678 of 315 U. S., "to cover a new and different combination," rendering the reissue patent void. Decisions of appellate courts[10] subsequent to *U. S. Industrial Chemicals* do not place a different interpretation upon said decision, and are in conflict with the decision of the Seventh Circuit here.

There are more than 2500 reissue patents which are unexpired today, and more often than not a patent is reissued because some commercial situation prompted the patentee to change his original patent rights, suggesting that all such

10. Application of McCoy, 148 F. 2d 347, 350 (C. C. P. A. 1945); *Riley* v. *Broadway-Hale Stores*, 217 F. 2d 530, 532 (9 Cir. 1954); *Ballew et al.* v. *Watson*, 290 F. 2d 353, 355 (C. A. D. C. 1961).

unexpired patents are important in the economy. The decision of the court below can encourage holders of combination patents to reissue and add to the original monopoly on a multi-element combination, an additional monopoly on each of the elements of the combination or less than all of the multi-elements of the original combination, without any indication in the original patent that this new added monopoly was intended to have been patented. The Patent Office, under such decision, should grant all such applications for reissues. There were more than 68,000 original patents issued by the Patent Office in 1966, and that was the fourth consecutive year in which the number issued has increased substantially over the number in the previous year.

3. The Decision Creates a Novel and Important Problem Under 35 USC § 271(a) as to the Definition of the Infringing "Use" of a Combination Patent.

The statutory definition of infringement in 35 USC § 271(a) (App. C, p. 25a, *infra*) is, "whoever without authority makes, uses or sells any patented invention, within the United States during the term of the patent therefor, infringes the patent."

The Court of Appeals held with respect to the '069 patent (App. A, p. 13a, *infra*):

> "Here Motorola tested its receivers by tuning them to transmitters employing the Armstrong FM teachings. This constituted a 'use' of the system patent because the radio waves generated by the Armstrong transmitters were received and converted into sound by Motorola receivers. Motorola concedes that an unlicensed owner-user of an FM transmitter and receiver would violate the Armstrong system patents (apart from questions about their validity and applicability). Section 271(a) of the Patent Act does not require ownership of the system before infringe-

ment can occur. The test under the Act is whether there has been use of the system. As shown, such use occurred when Motorola tested these receivers."

The Court also held Motorola to be a direct infringer of the combination claims of the reissue '660 patent for the same reason (App. A, p. 15a, *infra*).

It is undisputed that Motorola made no FM transmissions as part of its supposed infringement of the four combination claims and exercised no control over the FM transmissions it used in testing its FM receivers (F217, 230 F. Supp. at p. 362). All it did was to turn on receivers and tune them in to one of the many Armstrong-licensed broadcasts on the air. Except that it did this with a greater number of receivers, it did no more than any member of the public does in tuning in his FM radio or TV receiver to an FM radio broadcast or television broadcast station which is on the air and which he desires to listen to.

The core of the Court of Appeals opinion, quoted above, is that a use of the broadcasted wave in a receiver is the same as a use of the transmitter. The opinion necessarily construes the words "patented invention" in § 271(a), as being broad enough to include more than the alleged invention stated in the combination claims in issue here. Each claim states that the "invention" is a combination of a transmitter and a receiver. The opinion says, in effect, that the "patented invention" also consists of doing *no more* than receiving a wave and reproducing it.

Moreover, the wave is merely the unpatentable result or the *function* of the operation of the transmitter, and is *not a transmitter element*. In *Corning et al.* v. *Burden* (1853), 15 Howard 252, this Court stated at page 268, "It is for the discovery or invention of some practicable method or means of producing a beneficial result or effect, that a patent is granted, and not for the result or effect

itself." This decision was followed in *Westinghouse* v. *Boyden Power Brake Co.* (1898), 170 U. S. 537, where this Court at page 555 quoted from the *Corning* decision, " 'But it is well settled that a man cannot have a patent for the function or abstract effect of a machine, but only for the machine which produces it.' " The wave, plainly, is not a transmitter element.

The holding that Motorola's testing was a "use" of the patented invention flies in the face of the clear meaning of the combination claims. Plainly, practice of the *method* claims (claim 1 in each patent) requires the operation of the transmitter and the conjoint operation of the receiver *by the infringer* in order to achieve the result defined. Similarly, the system claims to the transmitter *and* receiver (claim 2 in each patent) require that *the infringer* control both elements of the combination system claimed, or there is not a "use" of the "system." But, it is undisputed here that Motorola neither operated nor controlled an FM broadcast transmitter.

By its opinion, the Court of Appeals, in effect, rewrites each claim to give Armstrong a monopoly over making, selling and using of every receiver made to receive the kind of wave produced by the operation of the transmitter element in the present combination claims. The patent monopolies are thus converted from two-element combinations of a transmitter and a receiver into single-element claims on receivers only.

This broad interpretation of § 271(a) is in direct conflict with principles enunciated in the opinions of this Court.

In ARO I, at page 339 of 365 U. S., this Court said that "the claims made in the patent are the sole measure of the grant." At page 340, this Court quoted as follows: "*Mercoid Corp.* v. *Mid-Continent Invest.*, 320 U. S. 661, 667, . . .

'The patent is for a combination only. Since none of the separate elements of the combination is claimed as the invention, none of them when dealt with separately is protected by the patent monopoly.' "

At page 345 of 365 U. S., ARO I, this Court said, "No element, not itself separately patented, that constitutes one of the elements of a combination patent is entitled to patent monopoly, however essential it may be to the patented combination . . ."

In 1891, this Court in *McClain* v. *Ortmayer*, 141 U. S. 419, stated at page 423, "While the patentee may have been unfortunate in the language he has chosen to express his actual invention, and may have been entitled to a broader claim, we are not at liberty, without running counter to the entire current of authority in this court, to construe such claims to include more than their language fairly imports."

Although § 271(a) is the first statutory definition of direct patent infringement, and has been effective since January 1, 1953, this Court has not passed upon it. The need for a review of its interpretation by the Court of Appeals and an authoritative interpretation by this Court is compelling. As the number of patents[11] issued each year increases so does the number of combination patents. The scope to be given to the statutory concepts of "use" and "patented invention" thus becomes increasingly important.

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11. In the years 1963 through 1966, the number of United States patents issuing for those respective years has been in excess of 45,000, 47,000, 62,000, and 68,000.

The Petition Should Be Granted as to All of the Three Questions Posed.

The three questions posed by this petition concerning the licensing and interpretation of combination patents and the applicable patent statutes are important both to owners of combination patents and to the executive agencies that administer our antitrust policy. Any exercise of monopoly beyond the scope of the patent grant immediately raises an antitrust question. The boundaries between the permissible patent monopolies of combination claims and misuse of patents and antitrust violations were further clouded by the opinion of the court below. This Court should clarify them.

The practical impact of the uncertainty aggravated by the opinion of the Court of Appeals is not trivial. In the fields of radio and of television, there is not only broadcasting, as at issue here, but communication by voice, by code, and by picture using a system of elements which are remote or adjacent to one another, and which link continents together and control operations over the length and breadth of each continent. Remote control of electrical utility substations, oil wells, telephone transmitting stations, earth moving and handling equipment and even trains is extensively practiced and important to the public and to the economy. Furthermore, this affects significant governmental and business activities, and for radio and TV broadcasting and communication, patent control, as evidenced by the decision below, is in derogation of the freedom of the air waves which are a vital natural resource. The use of the air waves is of continuing concern to Congress and to this Court as a resource which can be appraised only in billions and billions of dollars in asset value.

In such fields, and in others, not only are there com-

binations of elements in adjacent as well as in spaced apart relation with respect to one another, but such elements may be in large and small machines, in a single assembly or in a plurality of assemblies working together, and they may be in chemical processes using complex machinery or using simple machinery or equipment. In all of these systems, equipments, and processes it is common for different manufacturers to make different parts of the complete equipments required to provide the entire patented combination. The permutations and combinations are tremendous of possible ways an owner of a multi-element combination patent may increase his profit outside the scope of his patent, by threat of suit, or actually bringing suit as here, against the manufacturer of an unpatented element in a combination. The patentee can choose any one of many programs by which he can gain the greatest profit, for the Court of Appeals here did not distinguish between the return from broadcaster licensing and that from receiver-manufacturer licensing. Armstrong has been given the same monopoly and possibility of recovery from suit under all four of his combination claims as though he had originally obtained separate patents covering each element of the complete combinations.

The total number of licenses required to avoid an infringement suit under the combination patent claims, as the court below has determined it, is left to the ingenuity of the patent owner, with the benefit of suit or threat of suit against a manufacturer, user, or vendor of an unpatented element as the patent owner's leverage to accomplish his final goal. In the two combination patents here, each claim has only two-elements, but the principle established by the opinion below applies to claims with any number of elements.

Conclusion.

The claims of a patent are the measure of the grant, and a patent for a combination does not convey to the patentee exclusive rights to each of the several elements of the combination. But, respondent has deliberately violated this basic principle. By issuing licenses restricted to the use of one element only of the combination, by reissuing one patent to include claims not for the "same invention" as its original combination claims but to an element thereof, and by asserting combination claims against the manufacturer of one element only of the combination, respondent has illegally extended the monopoly of the patent grant and is guilty of flagrant misuse of the patents to which this petition is addressed.

The recent condoning of this misuse by the lower courts is an invitation to unjust enrichment by owners of combination patents in every field. It is, therefore, respectfully urged that this Petition for Writ of Certiorari be granted.

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July, 1967.